

1 RODGER M. LANDAU (State Bar No. 151456)
rlandau@lgbfirm.com
2 JOHN P. REITMAN (State Bar No. 80579)
jreitman@lgbfirm.com
3 JACK. A. REITMAN (State Bar No. 283746)
jareitman@lgbfirm.com
4 LANDAU GOTTFRIED & BERGER LLP
1801 Century Park East, Suite 700
5 Los Angeles, California 90067
Telephone: (310) 557-0050
6 Facsimile: (310) 557-0056

7 Attorneys for Plaintiff Official Committee of
Unsecured Creditors of the Chapter 11 Bankruptcy
8 Estate of Debtor Walldesign, Inc.

9
10
11 **UNITED STATES BANKRUPTCY COURT**
12 **CENTRAL DISTRICT OF CALIFORNIA**
13 **SANTA ANA DIVISION**

14 In re

15 WALLDESIGN, INC., a subchapter S
Corporation,

16 Debtor and
17 Debtor-in-Possession.

18
19
20 OFFICIAL COMMITTEE OF UNSECURED
CREDITORS OF WALLDESIGN, INC.,

21 Plaintiff,

22 v.

23
24 AARON POTT, an individual; HUIS CLOS
CONSULTING, LLC, a California limited
25 liability company; and DOES 1-10, Inclusive,

26 Defendants.
27
28

Case No. 8:12-bk-10105-CB

Chapter 11

Adv. No. _____

COMPLAINT ON CLAIMS TO SET ASIDE
AND RECOVER FRAUDULENT
TRANSFERS, TO SET ASIDE AND
RECOVER PREFERENTIAL PAYMENTS,
AND FOR TURNOVER [WITH EXHIBITS]

[Date and time to be set by Court.]

DATE:

TIME:

PLACE:

1 Plaintiff is the Official Committee of Unsecured Creditors (the “Committee”) of the
2 chapter 11 bankruptcy estate (the “Estate”) of Walldesign, Inc. (“Walldesign”). The Committee
3 brings this adversary proceeding on behalf of the Estate pursuant to 11 U.S.C. §§1103(c)(5) and
4 1109(b) and this Court’s “*Order Approving Stipulation Granting Leave, Standing and Authority to*
5 *the Official Committee of Unsecured Creditors To Commence, Prosecute and Settle Certain*
6 *Claims of the Debtor’s Estate*” entered May 13, 2013 [Docket No. 791], and “*Order Approving*
7 *Amended Stipulation Granting Leave, Standing and Authority to the Official Committee of*
8 *Unsecured Creditors To Commence, Prosecute and Settle Certain Claims of the Debtor’s Estate*”
9 entered December 2, 2013 [Docket No.980]. As the Committee was not formed until after
10 Walldesign filed bankruptcy, the Committee does not have personal knowledge of the facts
11 alleged in this Complaint and therefore alleges those facts on information and belief.

12 JURISDICTION AND VENUE

13
14 1. In accordance with the requirements of Local Bankruptcy Rule 7008-1, the Santa
15 Ana Division of the United States Bankruptcy Court for the Central District of California (the
16 “Bankruptcy Court”) has jurisdiction over this adversary proceeding under 28 U.S.C. § 1334,
17 because the claims asserted herein arise under title 11 of the United States Code or arise in or
18 relate to the Chapter 11 case of the debtor and debtor-in-possession, Walldesign, currently pending
19 in the Bankruptcy Court as Case No. 8:12-bk-10105-CB (the “Walldesign Bankruptcy Case”).
20 The outcome of this adversary proceeding will have a significant effect on the Estate because it
21 will impact the disposition of property of the estate and the amount of money available for
22 distribution to creditors. The claims for relief in this Complaint constitute a core proceeding under
23 28 U.S.C. § 157(b). Regardless of whether this is a core proceeding, consent is hereby given to
24 the entry of final orders and judgment by the Bankruptcy Court. Each defendant is hereby notified
25 that Fed. R. Bankr. P. 7008(a) requires each defendant to plead whether the claims for relief
26 alleged against such defendant are core or non-core and, if non-core, whether consent is given to
27 the entry of final orders and judgment by the Bankruptcy Court.

28 2. Venue is proper in the Bankruptcy Court pursuant to 28 U.S.C. §§ 1408 and 1409

1 because the Walldesign Bankruptcy Case is pending in this district and division. This Court also
2 has personal jurisdiction over each of the defendants.

3 **PARTIES**

4 3. Plaintiff Committee is the duly formed and acting Committee of Unsecured
5 Creditors of the Estate of Walldesign.

6 4. Defendant Aaron Pott ("Pott") is an individual who resides in Napa County,
7 California.

8 5. Defendant Huis Clos Consulting, LLC ("Huis Clos") is a California limited liability
9 company with a principal place of business in Saint Helena, California. Pott is the owner of Huis
10 Clos.

11 6. The Committee is not aware of the true names and capacities (whether individual,
12 associate, corporate, or otherwise) of defendants Does 1 through 10, or any of them, and therefore
13 sues said defendants, and each of them, by such fictitious names and will amend this Complaint to
14 include their true names and capacities, when ascertained, together with appropriate charging
15 allegations.

16 7. Each of the Doe defendants is an immediate or mediate transferee of the fraudulent,
17 preferential, or other avoidable transfers alleged in this Complaint, or of the proceeds of such
18 fraudulent, preferential, or other avoidable transfers, and did not take such transferred property for
19 value, in good faith, and without knowledge of the avoidability of such transfers.

20 **GENERAL ALLEGATIONS**

21 **Walldesign, Michael Bello, and Related Entities**

22 8. Walldesign is a California corporation formed in 1983. Until 2012, the company
23 was engaged in the business of installing drywall, insulation, acoustical material, and plaster, and
24 providing related services to single and multi-family construction projects in California, Nevada,
25 and Arizona.

26 9. At the head of Walldesign was its sole shareholder and President/Person-in-Charge,
27 Michael Bello ("Bello"), who was ultimately responsible for overseeing the day-to-day business
28 operations and financial performance of Walldesign, and involved in supervising all aspects of

Walldesign's financial affairs. Utilizing the financial success of Walldesign prior to 2007-2008, Bello was able to and did maintain an extravagant lifestyle, including a mansion in Newport Beach, California (recently sold by Bello), golf club and race horse track memberships, condominiums, luxury automobiles, and the like.

10. Walldesign's financial success also enabled Bello, individually, or along with his wife Nancy Ann Bello ("Nancy Bello") and/or their adult children, Stephen Bello and/or Christopher Bello, directly or indirectly to (i) acquire and operate a thoroughbred horse racing stable in the early 2000s and then through Michael Bello, LLC (which was successful in its own right, producing the champion racehorse "Megahertz"), formed in about 2008; (ii) acquire and operate commercial vineyards and a wine making business in Napa Valley through Bello Family Vineyard, LLC, formed in about 2002; (iii) accumulate a large pool of investment and residential properties held by RU Investments, LLC ("RUI") a California limited liability company owned by Bello or by the Bello Family Trust, settled on January 14, 1997, of which Bello and Nancy Bello are trustees; (iv) form Imperial Building Group, Inc. ("Imperial"), an employee leasing company for Walldesign; (v) form MB Investment Group, LLC ("MB Investments") as a vehicle for Bello owned real property; and (vi) form Bello Construction Company, LLC ("Bello Construction"), which made a secured loan to Walldesign in late 2011. (Michael Bello LLC, Bello Family Vineyards, LLC, RUI, Imperial, MB Investments and Bello Construction are referred to collectively as the "Bello Controlled Entities")

11. Unfortunately, when Walldesign began to face financial reversals, Bello either could not or would not scale back its or the Bello Controlled Entities (into which Bello was diverting Walldesign's money) business operations or expenses or his personal lavish lifestyle. Instead, Bello kept spending Walldesign's money – including while, as set forth below, Walldesign was insolvent, undercapitalized, and unable to pay its debts as they became due in the ordinary course of business.

The Financial Collapse of Walldesign

12. By the beginning of 2007, Walldesign already was in serious financial difficulty; and its overall financial condition, including its significant contingent liabilities, rendered it

1 insolvent. The global economic downturn that began in 2007 resulted in a major slowdown in the
2 construction industry, and Walldesign's revenues and work in progress sharply declined. For its
3 fiscal year ending October 31, 2007, Walldesign's revenue declined by 30%, and its gross profit
4 on contract revenues plummeted from 10.45% in 2006 to 1.95% in 2007. As a consequence,
5 Walldesign incurred a net loss of \$11.5 million in 2007. This financial condition only worsened
6 during the next four years.

7 13. By not later than the beginning of 2008, Walldesign was undercapitalized,
8 insolvent and unable to pay its debts as they became due in the ordinary course of business. In
9 July 2008, nine months into its 2008 fiscal year, Walldesign's then-auditor expressed substantial
10 doubt about the company's ability to continue as a going concern. By its 2008 fiscal year-end,
11 Walldesign's gross revenue had dropped another 35%, from \$167.5 million to \$108.2 million.
12 Cash flow from operations saw a comparable 33% drop. The downward trend continued through
13 fiscal 2009 until January 2012. By that time annual revenues were down to \$43.3 million, cash
14 flow from operations was negative \$2.5 million, work in progress was down to \$11.3 million, and
15 net capital available to finance its business was negative \$5.3 million.

16 14. Walldesign filed for bankruptcy protection on January 4, 2012 (the "Petition
17 Date"). According to Walldesign's Schedules, its assets total approximately \$16 million while its
18 liabilities total approximately \$26 million.

19 **The "Secret" Walldesign Bank Account at Preferred Bank**

20 15. On November 1, 2002, in the halcyon days of Walldesign, Bello opened a "secret"
21 Walldesign corporate bank account at Preferred Bank (the "Preferred Bank Account"), located in
22 Irvine, California. That account remained active through the end of 2011 and open until after
23 Walldesign filed bankruptcy. At all relevant times, Bello was the sole signatory on the Preferred
24 Bank Account. Bello actively concealed the existence of that bank account from his subordinate
25 officers and managers at Walldesign. For example, the Preferred Bank Account was not disclosed
26 in the general ledger or other books and records of Walldesign. Similarly, the flow of
27 Walldesign's money into and out of that account also was not disclosed in Walldesign's records.
28 Moreover, although Bello personally signed the Schedules and SOFA filed in Walldesign's

1 Bankruptcy Case, he did not disclose the Preferred Bank Account in those filings. Instead, the
2 existence of that secret account was learned about as the result of an investigation by one of
3 Walldesign's creditors. Bello kept the Preferred Bank Account secret for good reason – he was
4 using Walldesign's money in that account as a personal "piggy bank" for purposes unrelated to
5 Walldesign and from which Walldesign and its creditors obtained no benefit.

6 16. At all relevant times, the Preferred Bank Account was funded with rebates and
7 refunds that Walldesign received from its material suppliers. As a large construction
8 subcontractor, Walldesign would buy materials used in the course of its business in bulk. One
9 effect of Walldesign buying its materials in bulk was that certain of its suppliers would issue
10 rebates to lower the net cost to Walldesign or refunds for unused product returned by Walldesign
11 to its suppliers. Apparently at Bello's instruction, however, instead of deducting the amount of the
12 rebate or refund from the total amount of the invoice to Walldesign, Walldesign's suppliers would
13 issue a check to Walldesign for the difference. Bello would then deposit these rebate or refund
14 checks into the Preferred Bank Account rather than into Walldesign's account at Comerica Bank
15 (*i.e.*, the Comerica Bank Account) and would not report the receipt of that money on Walldesign's
16 general ledger or other financial books and records. The checks that Walldesign received from its
17 suppliers ranged in size from as little as \$30.00 to as much as \$163,329.14. From January 2, 2008
18 through December 14, 2011, Bello deposited \$5,137,440.13 of Walldesign's money into the
19 Preferred Bank Account.

20 17. Predictably, the \$5 million that Bello diverted into the secret Preferred Bank
21 Account was not used for the benefit of Walldesign. Instead, Bello used that money to support his
22 opulent life style and personal proclivities, including paying (i) to operate Bello Family
23 Vineyards; (ii) to operate Michael Bello LLC, his horseracing stable; (iii) to operate other Bello
24 Controlled Entities; (iv) his Las Vegas casino bills at the MGM Grand and the Wynn; and (v) his
25 personal expenses charged on his American Express credit card.

26 18. Among the payments that Bello caused to be made from Walldesign's money in the
27 Preferred Bank Account for purposes unrelated to Walldesign or its business, are those payments
28 to defendants Pott and Huis Clos, listed on the attached **Exhibit 1**, which includes a schedule of all

1 checks made to Pott and Huis Clos from the Preferred Bank Account, as well as copies of those
2 checks. Pott and Huis Clos were not creditors of Walldesign; instead, Pott was and is currently the
3 winemaker for Bello Family Vineyard (Huis Clos is his consulting company), which bears no
4 relationship to Walldesign or its business. All payments that Bello caused Walldesign to make to
5 Pott and Huis Clos were for the sole benefit of Bello and the Bello Controlled Entities and were
6 not for the benefit of Walldesign or its creditors.

7
FIRST CLAIM FOR RELIEF

8 **(Against All Defendants, To Avoid Intentionally Fraudulent Transfers of Money and Other**
9 **Property under 11 U.S.C. §§ 544(b) and 550(a), and Cal. Civ. Code §§ 3439.04(a) and**
10 **3439.07)**

11 19. The Committee incorporates by reference and realleges paragraphs 1-18 of this
12 Complaint.

13 20. During the seven-year period immediately preceding the Petition Date, Bello
14 caused Walldesign to make transfers of its property, including money, to or for the benefit of the
15 defendants that exceeded the total amount, if any, that such defendants paid to Walldesign prior to
16 and during such time period. That excess amount is referred to herein as the "7-Year Transfers."
17 **Exhibit 1** identifies the currently known money transfers made by Walldesign to or for the benefit
18 of the defendants during this period that are part of the 7-Year Transfers. At this time, the
19 Committee lacks sufficient information to specify the total amount of money and other property
20 that comprise all of the 7-Year Transfers. The Committee will seek leave to amend this Complaint
21 when it has additional information concerning the money and other property that Walldesign
22 transferred to or for the benefit of the defendants.

23 21. The 7-Year Transfers were made by Walldesign with the actual intent to hinder,
24 delay, or defraud its creditors. Specifically, Bello caused Walldesign to make these transfers to or
25 for the benefit of the defendants to fund his opulent personal lifestyle and personal proclivities and
26 not to sustain or promote the business of Walldesign, even though he knew or consciously or
27 recklessly chose to ignore facts known to him that strongly suggested that Walldesign was in dire
28 financial straits and was undercapitalized, insolvent and unable to pay its debts as they became due

1 in the ordinary course of business.

2 22. The defendants did not take any of the 7-Year Transfers for a reasonably equivalent
3 value and/or did not take such transfers in good faith. Specifically, such defendants (i) knew or
4 consciously or recklessly chose to ignore facts known to them that strongly suggested that they
5 were being paid by Walldesign because the transfers were identified as emanating from that entity;
6 (ii) knew or consciously or recklessly chose to ignore facts known to them that strongly suggested
7 that the goods and/or services, if any, that the defendants provided in exchange for those payments
8 were not for Walldesign but rather were for Bello or a Bello Controlled Entity; and (iii) knew or
9 consciously or recklessly chose to ignore facts known to them that strongly suggested the goods
10 and/or services, if any, provided by them for such payments conferred no or less than substantially
11 equivalent value upon Walldesign.

12 23. At all relevant times, the 7-Year Transfers were voidable under Cal. Civ. Code §§
13 3439.04(a) and 3439.07 by one or more creditors who held and hold unsecured claims against
14 Walldesign that were and are allowable against its Estate under 11 U.S.C. § 502 or that were not
15 and are not allowable only under 11 U.S.C. § 502(e). These creditors include, without limitation,
16 the members of the Committee and Carpenters Southwest Administrative Corporation, State
17 Compensation Insurance Fund, and A-Z Cellular World, Inc.

18 24. At all relevant times, Bello caused Walldesign to conceal from one or more of its
19 creditors, including one or more of the creditors identified in paragraph 23 of this Complaint, that
20 it had made the 7-Year Transfers with the intent to hinder, delay, or defraud one or more of such
21 creditors, in that Bello had caused such transfers to be made from the hidden Preferred Bank
22 Account for his personal benefit and not to benefit Walldesign or any of its creditors; and, because
23 at all relevant times Bello controlled Walldesign, such fraudulent transfers alleged in this claim for
24 relief could not have reasonably been discovered sooner than one year prior to the Petition Date.

25 **SECOND CLAIM FOR RELIEF**

26 **(Against All Defendants, To Avoid Intentionally Fraudulent Transfers of Money and Other**
27 **Property under 11 U.S.C. §§ 544(b) and 550(a), and Cal. Civ. Code §§ 3439.04(a) and**

28 **3439.07)**

1 25. The Committee incorporates by reference and realleges paragraphs 1-18 of this
2 Complaint.

3 26. During the four-year period immediately preceding the Petition Date, Bello caused
4 Walldesign to make transfers of its property, including money, to or for the benefit of the
5 defendants that exceeded the total amount that such defendants paid to Walldesign prior to and
6 during such time period. That excess amount is referred to herein as the "4-Year Transfers."
7 **Exhibit 1** identifies the currently known money transfers made by Walldesign to or for the benefit
8 of the defendants during this period that are part of the 4-Year Transfers. At this time, the
9 Committee lacks sufficient information to specify the total amount of money and other property
10 that comprise all of the 4-Year Transfers. The Committee will seek leave to amend this Complaint
11 when it has additional information concerning the money and other property that Walldesign
12 transferred to or for the benefit of the defendants.

13 27. The 4-Year Transfers were made by Walldesign with the actual intent to hinder,
14 delay, or defraud its creditors. Specifically, Bello caused Walldesign to make these transfers to or
15 for the benefit of the defendants to fund his opulent personal lifestyle and personal proclivities and
16 not to sustain or promote the business of Walldesign, even though he knew or consciously or
17 recklessly chose to ignore facts known to him that strongly suggested that Walldesign was in dire
18 financial straits and was undercapitalized, insolvent and unable to pay its debts as they became due
19 in the ordinary course of business.

20 28. The defendants did not take any of the 4-Year Transfers for a reasonably equivalent
21 value and/or did not take such transfers in good faith. Specifically, the defendants (i) knew or
22 consciously or recklessly chose to ignore facts known to them that strongly suggested that they
23 were being paid by Walldesign because the transfers were identified as emanating from that entity;
24 (ii) knew or consciously or recklessly chose to ignore facts known to them that strongly suggested
25 that the goods and/or services, if any, that the defendants provided in exchange for those payments
26 were not for Walldesign but rather were for Bello or a Bello Controlled Entity; and (iii) knew or
27 consciously or recklessly chose to ignore facts known to them that strongly suggested the goods
28 and/or services, if any, provided by them for such payments conferred no or less than substantially

1 equivalent value upon Walldesign.

2 29. At all relevant times, the 4-Year Transfers were voidable under Cal. Civ. Code §§
3 3439.04(a) and 3439.07 by one or more creditors who held and hold unsecured claims against
4 Walldesign that were and are allowable against its Estate under 11 U.S.C. § 502 or that were not
5 and are not allowable only under 11 U.S.C. § 502(e). These creditors include, without limitation,
6 the members of the Committee and Carpenters Southwest Administrative Corporation, State
7 Compensation Insurance Fund, and A-Z Cellular World, Inc.

8 **THIRD CLAIM FOR RELIEF**

9 **(Against All Defendants, To Avoid Constructively Fraudulent Transfers of Money and**
10 **Other Property under 11 U.S.C. §§ 544(b) and 550(a) and**
11 **Cal. Civ. Code §§ 3439.04(b) or 3439.05 and Cal. Civ. Code § 3439.07)**

12 30. The Committee incorporates by reference and realleges paragraphs 1-18 and 26 of
13 this Complaint.

14 31. At all relevant times within the four years immediately preceding the Petition Date,
15 Walldesign (i) was insolvent, or became insolvent as a result of each such transfer; (ii) was
16 engaged in or was about to engage in a business or a transaction for which its remaining assets
17 were unreasonably small in relation to the business or transaction; or (iii) intended to incur, or
18 believed or reasonably should have believed that it would incur, debts beyond its ability to pay as
19 they became due.

20 32. At all relevant times, the 4-Year Transfers were voidable under Cal. Civ. Code §§
21 3439.04(b) or 3439.05 and Cal. Civ. Code § 3439.07 by one or more creditors who held and hold
22 unsecured claims against Walldesign that were and are allowable against its Estate under 11
23 U.S.C. § 502 or that were not and are not allowable only under 11 U.S.C. § 502(e). These
24 creditors include, without limitation, the members of the Committee and Carpenters Southwest
25 Administrative Corporation, State Compensation Insurance Fund, and A-Z Cellular World, Inc.

26 **FOURTH CLAIM FOR RELIEF**

27 **(Against All Defendants, To Avoid and Recover Intentionally Fraudulent Transfers of**
28 **Money and Other Property under 11 U.S.C. §§ 548(a)(1)(A) and 550(a))**

1 33. The Committee incorporates by reference and realleges paragraphs 1-18 of this
2 Complaint.

3 34. During the two-year period immediately preceding the Petition Date, Bello caused
4 Walldesign to make transfers of its property, including money, to or for the benefit of the
5 defendants that exceeded the total amount that such defendants paid to Walldesign prior to and
6 during such time period. That excess amount is referred to herein as the "2-Year Transfers."
7 **Exhibit 1** identifies the currently known money transfers made by Walldesign to or for the benefit
8 of the defendants during this period that are part of the 2-Year Transfers. At this time, the
9 Committee lacks sufficient information to specify the total amount of money and other property
10 that comprise all of the 2-Year Transfers. The Committee will seek leave to amend this Complaint
11 when it has additional information concerning the money and other property that Walldesign
12 transferred to or for the benefit of the defendants.

13 35. The 2-Year Transfers were made by Walldesign with the actual intent to hinder,
14 delay, or defraud its creditors. Specifically, Bello caused Walldesign to make these transfers to or
15 for the benefit of the defendants to fund his opulent personal lifestyle and personal proclivities and
16 not to sustain or promote the business of Walldesign, even though he knew or consciously or
17 recklessly chose to ignore facts known to him that strongly suggested that Walldesign was in dire
18 financial straits and was undercapitalized, insolvent and unable to pay its debts as they became due
19 in the ordinary course of business.

20 36. The defendants did not take any of the 2-Year Transfers for a reasonably equivalent
21 value and/or did not take such transfers in good faith. Specifically, the defendants (i) knew or
22 consciously or recklessly chose to ignore facts known to them that strongly suggested that they
23 were being paid by Walldesign because the transfers were identified as emanating from that entity;
24 (ii) knew or consciously or recklessly chose to ignore facts known to them that strongly suggested
25 that the goods and/or services, if any, which the defendants provided in exchange for those
26 payments were not for Walldesign but, rather were for Bello or a Bello Controlled Entity; and (iii)
27 knew or consciously or recklessly chose to ignore facts known to them that strongly suggested the
28 goods and/or services, if any, provided by them for such payments conferred no or less than

1 substantially equivalent value upon Walldesign.

2 **FIFTH CLAIM FOR RELIEF**

3 **(Against All Defendants, To Avoid and Recover Constructively Fraudulent Transfers of**
4 **Money and Other Property under 11 U.S.C. §§ 548(a)(1)(B) and 550(a))**

5 37. The Committee incorporates by reference and realleges paragraphs 1-18 and 34 of
6 this Complaint.

7 38. The defendants did not take any of the 2-Year Transfers for a reasonably equivalent
8 value and/or did not take such transfers in good faith.

9 39. At all relevant times within the two years prior to the Petition Date, Walldesign (i)
10 was insolvent, or became insolvent as a result of each such transfer; (ii) was engaged in or was
11 about to engage in a business or a transaction for which its remaining assets were unreasonably
12 small in relation to the business or transaction; or (iii) intended to incur, or believed or reasonably
13 should have believed that it would incur, debts beyond its ability to pay as they became due.

14 **SIXTH CLAIM FOR RELIEF**

15 **(Against All Defendants, To Avoid and Recover Preferential Transfers of Money and Other**
16 **Property under 11 U.S.C. §§ 547(b) and 550(a))**

17 40. The Committee incorporates by reference and realleges paragraphs 1-18 of this
18 Complaint. This claim for relief is brought as an alternative to the first through fifth claims for
19 relief but solely with respect to those transfers which are alleged therein to be fraudulent transfers
20 made within the 90-day period immediately preceding the Petition Date, and only to the extent
21 that a defendant alleges to have given reasonably equivalent value in exchange for such transfer.

22 41. During the 90-day period immediately preceding the Petition Date, Walldesign
23 transferred the amounts detailed, in part, in **Exhibit 1** (the "90-Day Transfers") to or for the
24 benefit of the defendants. To the extent, if any, that the 90-Day Transfers were in payment of an
25 obligation that Walldesign owed to the defendants, such obligation was an antecedent debt.

26 42. As a result of the 90-Day Transfers, the defendants received from Walldesign more
27 than they would have received if such transfers had not been made and this case was a case under
28 chapter 7 of the Bankruptcy Code.

SEVENTH CLAIM FOR RELIEF

**(Against All Defendants, To Recover Fraudulent and Preferential Transfers of Money and
Other Personal Property under 11 U.S.C. § 550(a)(2))**

43. The Committee incorporates by reference and realleges paragraphs 1-42 of this Complaint.

44. To the extent that the defendants, named and unnamed, are not the initial transferees of the transfers referred to in this Complaint, such defendants are immediate or mediate transferees of the initial transferee of such payments.

45. To the extent that the defendants, named and unnamed, are immediate or mediate transferees of the initial transferee of the transfers referred to in this Complaint, such defendants did not take such transfers for value and/or in good faith and/or without knowledge of the avoidability of such transfers.

46. Each of the transfers referred to in this claim for relief is recoverable from such defendants, named and unnamed, as an immediate or mediate transferee of the transfers that Bello caused Walldesign to make to the initial transferees thereof.

WHEREFORE, the Committee, on behalf of the Estate, prays for judgment against the defendants, and each of them, as follows:

1. On the first claim for relief, for a judgment against the defendants that (i) avoids the 7-Year Transfers from Walldesign to or for the benefit of the defendants, (ii) imposes a constructive trust on the 7-Year Transfers and any proceeds thereof, and (iii) requires the defendants to return those transfers and their proceeds, or their value, to the Committee, for the benefit of the Estate;

2. On the second claim for relief, for a judgment against the defendants that (i) avoids the 4-Year Transfers from Walldesign to or for the benefit of the defendants, (ii) imposes a constructive trust on the 4-Year Transfers and any proceeds thereof, and (iii) requires the defendants to return those transfers and their proceeds, or their value, to the Committee, for the benefit of the Estate;

3. On the third claim for relief, for a judgment against the defendants that (i) avoids

1 the 4-Year Transfers from Walldesign to or for the benefit of the defendants, (ii) imposes a
2 constructive trust on the 4-Year Transfers and any proceeds thereof, and (iii) requires the
3 defendants to return those transfers and their proceeds, or their value, to the Committee, for the
4 benefit of the Estate;

5 4. On the fourth claim for relief, for a judgment against the defendants that (i) avoids
6 the 2-Year Transfers from Walldesign to or for the benefit of the defendants, and requires the
7 defendants to return those transfers and their proceeds, or their value, to the Committee, for the
8 benefit of the Estate;

9 5. On the fifth claim for relief, for a judgment against the defendants that (i) avoids
10 the 2-Year Transfers from Walldesign to or for the benefit of the defendants, and (ii) requires the
11 defendants to return those transfers and their proceeds, or their value, to the Committee, for the
12 benefit of the Estate;

13 6. On the sixth claim for relief, for a judgment against the defendants that (i) avoids
14 the 90-Day Transfers from Walldesign to or for the benefit of the defendants, and (ii) directs the
15 defendants to return those transfers and their proceeds, or their value, to the Committee, for the
16 benefit of the Estate;

17 7. On the seventh claim for relief, for a judgment against all defendants that requires
18 them to return to the Committee, for the benefit of the Estate all transfers avoided by this
19 Complaint;

20 8. For interest at the legal rate on all damages and sums awarded to the Committee,
21 for the benefit of the Estate; and

22 9. For such other relief as the Court deems just and proper.

23
24 Dated: December 10, 2013

LANDAU GOTTFRIED & BERGER LLP

25
26
27 
JOHN P. REITMAN

Attorneys for Plaintiff the Official Committee of
Unsecured Creditors

EXHIBIT 1

Bello-Aaron Pott (Winemaker) - Preferred Bank Account No. 5601924

<u>Check #</u>	<u>Date</u>	<u>Amount</u>
1572	2/6/2008	\$7,000.00
1588	3/6/2008	\$7,000.00
1607	4/22/2008	\$7,000.00
1672	7/9/2008	\$9,410.00
1729	10/6/2008	\$7,000.00
1753	11/3/2008	\$7,000.00
1777	12/8/2008	\$7,000.00
1801	1/2/2009	\$7,000.00
1825	1/30/2009	\$7,000.00
1844	3/3/2009	\$7,000.00
1871	4/21/2009	\$7,000.00
1907	6/5/2009	\$7,000.00
1931	7/14/2009	\$7,000.00
1944	8/4/2009	\$7,000.00
1970	9/22/2009	\$7,000.00
1985	9/25/2009	\$8,658.78
2055	12/15/2009	\$7,000.00
2074	1/20/2010	\$7,000.00
2124	5/12/2010	\$7,000.00
2149	6/15/2010	\$7,000.00
2183	8/9/2010	\$7,000.00
2212	9/15/2010	\$7,000.00
2247	11/8/2010	\$7,000.00
2267	12/7/2010	\$7,000.00
2279	1/21/2011	\$7,000.00
2300	2/22/2011	\$7,000.00
2311	3/16/2011	\$7,000.00
2331	4/11/2011	\$7,000.00
2358	5/10/2011	\$7,000.00
2386	6/10/2011	\$7,000.00
		\$214,068.78

Total Paid to Aaron Pott

#1729	10/06/08	\$7,000.00
-------	----------	------------

[illegible]

[illegible]

#1753	11/03/08	\$7,000.00
-------	----------	------------

21

WALLDESIGN INCORPORATED
17200 VON KARMAN BLVD
IRVINE, CA 92614

DATE 12-2-08

PAY TO THE ORDER OF Anna P. H. \$ 7,000.00

THE SUM OF 7,000 DOLLARS

FOR Wall

#001777# 01220422050 0051601924# 0000700000#

#1777 12/08/08

\$7,000.00

MY ACCOUNT # 1450227510

0000 6059

3675.72

12/05/08

[illegible][illegible]

5601924

PAGE 5 of 7

1071

WALDCORP INCORPORATED

DATE 4/21/09

THE SUN 1000 000000

FOR: 1001871 41220422054 005601924

#1871 4/21/09 \$7,000.00

1071

WALDCORP INCORPORATED

DATE 4/21/09

THE SUN 1000 000000

FOR: 1001871 41220422054 005601924

#1871 4/21/09 \$7,000.00

5601924

PAGE 4 of 8

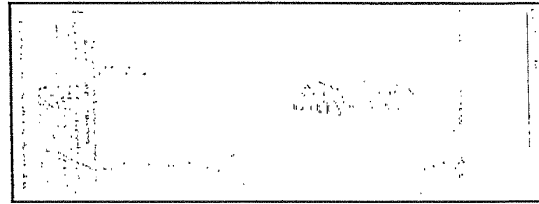
WALDESIGN INCORPORATED 1907
1720 VON KARL LANE 56231-0509
RIVERSIDE, CA 92514

DATE 6-5-09 19-05/100

PAY TO THE ORDER OF *Anna Pitt* \$ 7,000.00
THE SUM 7000 DOLLARS & 00/100

FOR *Anna Pitt*

1907 6/05/09 \$7,000.00



5601924

PAGE 4 of 6

WALDESIGN INCORPORATED
17000 VICTORIAN WAY
DUNING, CA 95014

1931

PAY TO THE ORDER OF *Handwritten Signature* DATE *7-7-09* \$ *7,000.00*

THE SUM OF *SEVEN THOUSAND AND 00/100* DOLLARS

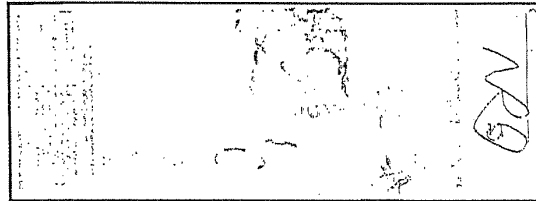
FOR *Handwritten Signature*

PROCESSED BY THE BANK OF AMERICA

#001931 1220422054.005601924

#1931 7/14/09

\$7,000.00



5601924

PAGE 3 of 8

WALLDESIGN INCORPORATED 17200 VON KARSTEN AVE. #100 IRVING, CA 92614		1944
PAY TO THE ORDER OF	<i>Araceli Pitt</i>	DATE <i>7-22-09</i>
THE SUM <i>7,000</i> DOLLARS & 00 CENTS		\$ <i>7,000.00</i>
PREFERRED PAYEE OFFICE 1875 775-5555		
FOR <i>[Signature]</i>		
#001944# K122042205# 005#601924#		

#1944 8/04/09 \$7,000.00

<i>[Signature]</i>

5601924

PAGE 7 of 7

WALDESIGN INCORPORATED 1985
17350 VON KARMAN BLVD
IRVINE, CA 92614

DATE 9-25-09

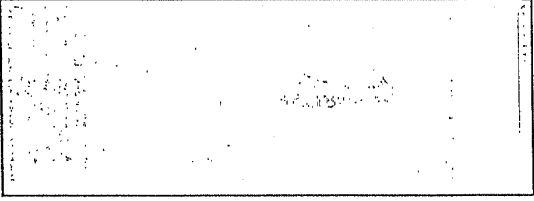
PAY TO THE ORDER OF *Arroyo Pitt* \$ 8,658.78
THE SUM 8658 DOLLARS & 78 CENTS

FOR *[Signature]*

PRINTED
18777734003

0001985* 012204220545 005601924*

#1985 9/25/09 \$8,658.78



5601924

PAGE 7 of 9

WALLDESIGN INCORPORATED 17500 VON KARMAN AVE STE 100 IRVINE, CA 92614		2055
DATE 12-7-09		11-20/100
PAY TO THE ORDER OF <u>Amara Roth</u>		\$7,000.00
THE SUM OF <u>SEVEN THOUSAND DOLLARS</u>		DOLLARS & CENTS
FOR <u>Amara Roth</u>		
MICR LINE: ⑈002055⑈-⑈1220422054⑈005⑈5601924⑈		

#2055 12/15/09 \$7,000.00

EXHIBIT 1

5601924

PAGE 6 of 8

WALDESIGN INCORPORATED 17250 VON KARMAN RD-201-8058 POINTE CA 90554		2074
DATE 1-20-10		01-20-10
PAY TO THE ORDER OF <u>Angela Pott</u>		\$ 7,000.00
THE SUM 7000 DOLLARS 00 CTS		DOLLARS 00 CTS
FOR <u>[Signature]</u>		
#002074 11220422054 005601924		

#2074 1/20/10 \$7,000.00

5601924

PAGE 5 of 9

WALLDESIGN INCORPORATED 17520 VON KARMAN AVE. SUITE 100 IRVINE, CA 92614		2124
PAY TO THE ORDER OF <i>Barry Pitt</i>	DATE <i>5-5-10</i>	UP-020726
THE SUM <i>7000</i> DOLLARS <i>00</i> CTS		\$ <i>7,000.00</i>
FOR <i>[Signature]</i>		
MICR LINE: @002124 @ 122042205 @ 005601924		

2124 5/12/10 \$7,000.00

#2124 5/11/10 \$7,000.00

5601924

PAGE 4 of 8

WALLDESIGN INCORPORATED
1720 N. KADIAN BLVD
SUNNYVALE, CA 94086

2149

DATE 6-15-10

PAY TO THE ORDER OF Marcia Rott \$ 7,000.00

THE SUM 7000 DOLLARS 00 CTS

DOLLARS 00

FOR [Signature]

002149 151220422054 005601924*

#2149 6/15/10

\$7,000.00

VOID

THIS CHECK IS VOID IF ANY OF THE FOLLOWING CONDITIONS ARE MET:

- 1. THE CHECK IS NOT SIGNED BY THE ISSUING OFFICE.
- 2. THE CHECK IS NOT SIGNED BY THE ISSUING OFFICE.
- 3. THE CHECK IS NOT SIGNED BY THE ISSUING OFFICE.
- 4. THE CHECK IS NOT SIGNED BY THE ISSUING OFFICE.
- 5. THE CHECK IS NOT SIGNED BY THE ISSUING OFFICE.
- 6. THE CHECK IS NOT SIGNED BY THE ISSUING OFFICE.
- 7. THE CHECK IS NOT SIGNED BY THE ISSUING OFFICE.
- 8. THE CHECK IS NOT SIGNED BY THE ISSUING OFFICE.
- 9. THE CHECK IS NOT SIGNED BY THE ISSUING OFFICE.
- 10. THE CHECK IS NOT SIGNED BY THE ISSUING OFFICE.

VOID

5601924

PAGE 4 of 9

WALDESIGN INCORPORATED
17250 VOGEL HAVEN RD
IRVINE, CA 92614

2183

DATE 8-3-10 9-000110

PAY TO THE ORDER OF Barry Pitt \$ 7,000.00

THE SUM 1000 DOLLARS DOLLARS & CENTS

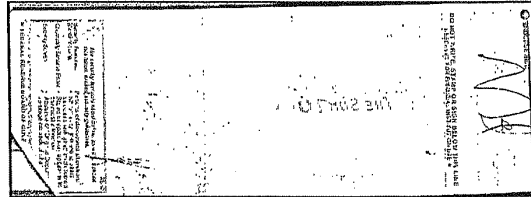
PREFERRED MAIL PERMIT OFFICE IRVINE, CA 92614

FOR WALDESIGN INCORPORATED

002183 151220422054 005*601924*

#2183 8/09/10

\$7,000.00



5601924

PAGE 5 of 9

WALDESIGN INCORPORATED 17050 HIGH HUNTER DRIVE IRVINE, CA 92614		2212
DATE <u>9-7-10</u>		11-03/10
PAY TO THE ORDER OF <u>Acme Ptt</u>		\$ <u>7,000.00</u>
THE SUM <u>7000</u> DOLLARS & <u>00</u> CTS		
FOR <u>[Signature]</u>		
MICR LINE: ⑈002212⑈ ⑈1220422054⑈ ⑈003-601924⑈		

#2212 9/15/10 \$7,000.00

5601924

PAGE 4 of 7

WALLDESIGN INCORPORATED
1728 STATE AVENUE SUITE 201
IRVINE, CA 92614

2247

DATE 11-1-10 10-020/100

PAY TO THE ORDER OF Amara Pott \$ 7,000.00

THE SUM 7000 DOLLARS 00 CTS

FOR WALLDESIGN INCORPORATED

100224 99 111220422051 005601924

#2247 11/08/10 \$7,000.00

OTMUSE BK

11/08/10

11/08/10

5601924

PAGE 5 of 6

WALDESIGN INCORPORATED THOM VON KARMAN 940-254-4925 BIRMINGHAM, AL 35203		2267
PAY TO THE ORDER OF <i>John Rott</i>	DATE <i>12-2-10</i>	INVOICE NO.
THE SUM <i>7000</i> DOLLARS & NO/100		\$ <i>7,000.00</i>
FOR <i>John Rott</i>		
MICR LINE: *002267* 12 2 2010 2 20 54 005*601924*		

#2267 12/07/10 \$7,000.00

5601924

PAGE 4 of 6

WALLDESIGN INCORPORATED
1700 VAN SALDAN WAY
IRVINE, CA 92614

2279

DATE 1-21-11

PAY TO THE ORDER OF *Anna Pitt* \$7,000.00

THE SUM 7000 DOLLARS

PREFERRED
IRVINE OFFICE
(877) 770-9881

FOR *[Signature]*

⑈0002279⑈ ⑈122042205⑈ 005⑈601924⑈

#2279 1/21/11 \$7,000.00

DO NOT WRITE IN THESE SPACES
OR THE CHECK WILL BE VOID

NR

5601924

PAGE 5 of 6

WALL DESIGN INCORPORATED
1700 VON KARMAN AVENUE SUITE 200
IRVINE, CA 92614

2300

DATE 2-22-11

PAY TO THE ORDER OF Anna Pitt

THE SUM 7000 DOLLARS \$7,000.00

FOR \$2,125

#002300*4122042205K 005-601924*

#2300 2/22/11 \$7,000.00

5601924

PAGE 5 of 8

WALDESIGN INCORPORATED
17500 VENTURE DRIVE SUITE 4000
FREMONT, CA 94534

DATE 3-9-11

PAY TO THE ORDER OF *Arce, Pitt*
THE SUM *1000* DOLLARS & CENTS \$ *7,000.00*

FOR *Pay 5/17/6*

#002311*4122042205C 005*601924*

#2311 3/16/11

\$7,000.00

WALDESIGN INCORPORATED
17500 VENTURE DRIVE SUITE 4000
FREMONT, CA 94534

DATE 3-9-11

PAY TO THE ORDER OF *Arce, Pitt*
THE SUM *1000* DOLLARS & CENTS \$ *7,000.00*

FOR *Pay 5/17/6*

#002311*4122042205C 005*601924*

5601924

PAGE 4 of 9

WALLDESIGN INCORPORATED
1750 VON KARMAN DR SUITE 100
IRVING, CA 92614

2331

DATE 3-31-11 11/25/11

PAY TO THE ORDER OF *Angela Pratt* \$ 7,000.00

THE SUM 1000 DOLLARS

PREFERRED DEPOSIT SERVICE 1-877-775-2662

FOR *[Signature]*

⑆002331⑆ 0122042205⑆ 005⑆5601924⑆

VOIDED

[Signature]

#2331 4/11/11

\$7,000.00

5601924

PAGE 4 of 9

WALLDESIGN INCORPORATED

17224 VON KARMAN AVE SUITE 201-4050

IRVINE, CA 92614

2358

PAY TO THE ORDER OF

Anna Pelt

DATE *5-2-11*

10/20/10

PAYED

BY THE OFFICE

1 875 710-000

THE SUM 7000 DOLLARS & NO CTS

7,000.00

DOLLARS & NO CTS

FOR

[Signature]

#002358* 421220422054 005461984*

#2358 5/10/11 \$7,000.00

ORIGINAL SIGNATURE REQUIRED
FOR DEPOSIT OF CHECKS IN THE
ATM

Anna Pelt

5601924

PAGE 4 of 7

WALDESIGN INCORPORATED 1700 VON KARMAN DRIVE SUITE 400 IRVINE, CA 92614		2386
DATE <u>6-6-11</u>		10/07/11
PAY TO THE ORDER OF <u>Amazon</u>	\$ <u>7,000.00</u>	00
THE SUM <u>7000 DOLLARS 00 CTS</u>		DOLLARS & CTS
FOR <u>Amazon</u>		
MICR LINE: ⑈0002386⑈⑈112042205⑈005⑈601924⑈		

#2386 6/10/11 \$7,000.00

Bello -Huis Clos Consulting Preferred Bank Account No. 5601924

<u>Amount</u>	<u>Date</u>	<u>Check #</u>
\$7,000.00	9/14/2011	2431
\$7,000.00	10/25/2011	2448

Total Paid

\$14,000.00

5601924

PAGE 5 of 7

WALLDESIGN INCORPORATED 17300 VICTORY BLVD IRVINE, CA 92614		2431
DATE 9-7-11		
PAY TO THE ORDER OF <i>Hine Clos Consulting LLC</i>	\$7,000.00	
THE SUM 7000 00		DOLLARS 00
FOR <i>6/14/11</i>		
002431 1220422054 0054604924*		0000700000

#2431 9/14/11 \$7,000.00

MICR OF MICR-2431 1220422054 0054604924*		0160555765
RRB71647R R91911 F1050 BTPR100427R01604 067		

5601924


PAGE 4 of 6

WALLDESIGN INCORPORATED 17020 VINTAGE BLVD IRVINE, CA 92614		2448
DATE 10-25-11		MA251/220
PAY TO THE ORDER OF	<i>Art Class Consulting</i>	\$ 7,000.00
THE SUM 7000.00		DOLLARS
FOR		
002448 121220422054 005601924		0000700000

#2448 10/25/11 \$7,000.00

BANK OF AMERICA, N.A. 100 N. LAKE AVENUE SUITE 100 IRVINE, CA 92614		PAY TO THE ORDER OF WALLDESIGN INCORPORATED 17020 VINTAGE BLVD IRVINE, CA 92614
0886712110 102411 FIRST REPUBLIC BANK		0000700000

ADVERSARY PROCEEDING COVER SHEET (Instructions on Page 2)		ADVERSARY PROCEEDING NUMBER (Court Use Only)	
PLAINTIFFS OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF WALLDESIGN, INC.	DEFENDANTS AARON POTT, an individual; HUIS CLOS CONSULTING, LLC, a California limited liability company; and DOES 1-10, Inclusive		
ATTORNEYS (Firm Name, Address, and Telephone No.) LANDAU GOTTFRIED & BERGER LLP 1801 Century Park East, Suite 700, Los Angeles, California 90067 Telephone: (310) 557-0050	ATTORNEYS (If Known)		
PARTY (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input checked="" type="checkbox"/> Creditor <input type="checkbox"/> Other <input type="checkbox"/> Trustee	PARTY (Check One Box Only) <input type="checkbox"/> Debtor <input type="checkbox"/> U.S. Trustee/Bankruptcy Admin <input type="checkbox"/> Creditor <input checked="" type="checkbox"/> Other <input type="checkbox"/> Trustee		
CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED) Preferential and Fraudulent transfers: 11 U.S.C. §§ 544(b); 547(b); 548(a)(1)(A); 548(a)(1)(B); 550(a); 550(a)(2) and Cal. Civ. Code §§ 3439.04(a); 3439.04(b); 3439.05; 3439.07			
NATURE OF SUIT (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)			
<table style="width: 100%; border: none;"><tr><td style="width: 50%; vertical-align: top; border: none;">FRBP 7001(1) – Recovery of Money/Property <input type="checkbox"/> 11-Recovery of money/property - §542 turnover of property <input checked="" type="checkbox"/> 12-Recovery of money/property - §547 preference <input checked="" type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer <input checked="" type="checkbox"/> 14-Recovery of money/property - other FRBP 7001(2) – Validity, Priority or Extent of Lien <input type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property FRBP 7001(3) – Approval of Sale of Property <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h) FRBP 7001(4) – Objection/Revocation of Discharge <input type="checkbox"/> 41-Objection / revocation of discharge - §727(c),(d),(e) FRBP 7001(5) – Revocation of Confirmation <input type="checkbox"/> 51-Revocation of confirmation FRBP 7001(6) – Dischargeability <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims <input type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud <input type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny <div style="text-align: center;">(continued next column)</div></td><td style="width: 50%; vertical-align: top; border: none;">FRBP 7001(6) – Dischargeability (continued) <input type="checkbox"/> 61-Dischargeability - §523(a)(5), domestic support <input type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury <input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan <input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support) <input type="checkbox"/> 65-Dischargeability - other FRBP 7001(7) – Injunctive Relief <input type="checkbox"/> 71-Injunctive relief – imposition of stay <input type="checkbox"/> 72-Injunctive relief – other FRBP 7001(8) Subordination of Claim or Interest <input type="checkbox"/> 81-Subordination of claim or interest FRBP 7001(9) Declaratory Judgment <input type="checkbox"/> 91-Declaratory judgment FRBP 7001(10) Determination of Removed Action <input type="checkbox"/> 01-Determination of removed claim or cause Other <input type="checkbox"/> SS-SIPA Case – 15 U.S.C. §§78aaa <i>et seq.</i> <input type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)</td></tr></table>		FRBP 7001(1) – Recovery of Money/Property <input type="checkbox"/> 11-Recovery of money/property - §542 turnover of property <input checked="" type="checkbox"/> 12-Recovery of money/property - §547 preference <input checked="" type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer <input checked="" type="checkbox"/> 14-Recovery of money/property - other FRBP 7001(2) – Validity, Priority or Extent of Lien <input type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property FRBP 7001(3) – Approval of Sale of Property <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h) FRBP 7001(4) – Objection/Revocation of Discharge <input type="checkbox"/> 41-Objection / revocation of discharge - §727(c),(d),(e) FRBP 7001(5) – Revocation of Confirmation <input type="checkbox"/> 51-Revocation of confirmation FRBP 7001(6) – Dischargeability <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims <input type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud <input type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny <div style="text-align: center;">(continued next column)</div>	FRBP 7001(6) – Dischargeability (continued) <input type="checkbox"/> 61-Dischargeability - §523(a)(5), domestic support <input type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury <input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan <input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support) <input type="checkbox"/> 65-Dischargeability - other FRBP 7001(7) – Injunctive Relief <input type="checkbox"/> 71-Injunctive relief – imposition of stay <input type="checkbox"/> 72-Injunctive relief – other FRBP 7001(8) Subordination of Claim or Interest <input type="checkbox"/> 81-Subordination of claim or interest FRBP 7001(9) Declaratory Judgment <input type="checkbox"/> 91-Declaratory judgment FRBP 7001(10) Determination of Removed Action <input type="checkbox"/> 01-Determination of removed claim or cause Other <input type="checkbox"/> SS-SIPA Case – 15 U.S.C. §§78aaa <i>et seq.</i> <input type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)
FRBP 7001(1) – Recovery of Money/Property <input type="checkbox"/> 11-Recovery of money/property - §542 turnover of property <input checked="" type="checkbox"/> 12-Recovery of money/property - §547 preference <input checked="" type="checkbox"/> 13-Recovery of money/property - §548 fraudulent transfer <input checked="" type="checkbox"/> 14-Recovery of money/property - other FRBP 7001(2) – Validity, Priority or Extent of Lien <input type="checkbox"/> 21-Validity, priority or extent of lien or other interest in property FRBP 7001(3) – Approval of Sale of Property <input type="checkbox"/> 31-Approval of sale of property of estate and of a co-owner - §363(h) FRBP 7001(4) – Objection/Revocation of Discharge <input type="checkbox"/> 41-Objection / revocation of discharge - §727(c),(d),(e) FRBP 7001(5) – Revocation of Confirmation <input type="checkbox"/> 51-Revocation of confirmation FRBP 7001(6) – Dischargeability <input type="checkbox"/> 66-Dischargeability - §523(a)(1),(14),(14A) priority tax claims <input type="checkbox"/> 62-Dischargeability - §523(a)(2), false pretenses, false representation, actual fraud <input type="checkbox"/> 67-Dischargeability - §523(a)(4), fraud as fiduciary, embezzlement, larceny <div style="text-align: center;">(continued next column)</div>	FRBP 7001(6) – Dischargeability (continued) <input type="checkbox"/> 61-Dischargeability - §523(a)(5), domestic support <input type="checkbox"/> 68-Dischargeability - §523(a)(6), willful and malicious injury <input type="checkbox"/> 63-Dischargeability - §523(a)(8), student loan <input type="checkbox"/> 64-Dischargeability - §523(a)(15), divorce or separation obligation (other than domestic support) <input type="checkbox"/> 65-Dischargeability - other FRBP 7001(7) – Injunctive Relief <input type="checkbox"/> 71-Injunctive relief – imposition of stay <input type="checkbox"/> 72-Injunctive relief – other FRBP 7001(8) Subordination of Claim or Interest <input type="checkbox"/> 81-Subordination of claim or interest FRBP 7001(9) Declaratory Judgment <input type="checkbox"/> 91-Declaratory judgment FRBP 7001(10) Determination of Removed Action <input type="checkbox"/> 01-Determination of removed claim or cause Other <input type="checkbox"/> SS-SIPA Case – 15 U.S.C. §§78aaa <i>et seq.</i> <input type="checkbox"/> 02-Other (e.g. other actions that would have been brought in state court if unrelated to bankruptcy case)		
<input checked="" type="checkbox"/> Check if this case involves a substantive issue of state law	<input type="checkbox"/> Check if this is asserted to be a class action under FRCP 23		
<input type="checkbox"/> Check if a jury trial is demanded in complaint	Demand \$ 228,068.78		
Other Relief Sought			

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES			
NAME OF DEBTOR WALLDESIGN, INC., a subchapter S Corporation		BANKRUPTCY CASE NO. 8:12-bk-10105	
DISTRICT IN WHICH CASE IS PENDING Central District of California	DIVISIONAL OFFICE Santa Ana		NAME OF JUDGE Catherine E. Bauer
RELATED ADVERSARY PROCEEDING (IF ANY)			
PLAINTIFF	DEFENDANT	ADVERSARY PROCEEDING NO.	
DISTRICT IN WHICH ADVERSARY IS PENDING	DIVISIONAL OFFICE		NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF) 			
DATE 12-18-13		PRINT NAME OF ATTORNEY (OR PLAINTIFF) John P. Reitman	

INSTRUCTIONS

The filing of a bankruptcy case creates an "estate" under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor's discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also must complete and file Form 104, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court's Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 104 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and Defendants. Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not presented by an attorney, the plaintiff must sign.

<p>Attorney or Party Name, Address, Telephone & FAX Nos., State Bar No. & Email Address</p> <p>RODGER M. LANDAU (State Bar No. 151456) rlandau@lgbfirm.com JOHN P. REITMAN (Bar No. 80579) jreitman@lgbfirm.com JACK. A. REITMAN (Bar No. 283746) jareitman@lgbfirm.com LANDAU GOTTFRIED & BERGER LLP 1801 Century Park East, Suite 700 Los Angeles, California 90067 Telephone: (310) 557-0050 Facsimile: (310) 557-0056 <i>Attorney for Plaintiff</i></p>		<p>FOR COURT USE ONLY</p>	
<p>UNITED STATES BANKRUPTCY COURT CENTRAL DISTRICT OF CALIFORNIA - SANTA ANA DIVISION</p>			
<p>In re: WALLDESIGN, INC., a subchapter S Corporation,</p>		<p>CASE NO.: 8:12-bk-10105-CB</p>	
		<p>CHAPTER: 11</p>	
<p>Debtor(s).</p>		<p>ADVERSARY NUMBER:</p>	
<p>OFFICIAL COMMITTEE OF UNSECURED CREDITORS OF WALLDESIGN, INC.,</p>			
<p>Versus</p>			
<p>AARON POTT, an individual; HUIS CLOS CONSULTING, LLC, a California limited liability company; and DOES 1-10, Inclusive</p>		<p>SUMMONS AND NOTICE OF STATUS CONFERENCE IN ADVERSARY PROCEEDING [LBR 7004-1]</p>	
<p>Plaintiff(s)</p>			
<p>Defendant(s)</p>			

TO THE DEFENDANT: A Complaint has been filed by the Plaintiff against you. If you wish to defend against the Complaint, you must file with the court a written pleading in response to the Complaint. You must also serve a copy of your written response on the party shown in the upper left-hand corner of this page. The deadline to file and serve a written response is _____. If you do not timely file and serve the response, the court may enter a judgment by default against you for the relief demanded in the Complaint.

A status conference in the adversary proceeding commenced by the Complaint has been set for:

Hearing Date: _____

Time: _____

Courtroom: _____

Place:

☐ 255 East Temple Street, Los Angeles, CA 90012

☐ 3420 Twelfth Street, Riverside, CA 92501

☐ 411 West Fourth Street, Santa Ana, CA 92701

☐ 1415 State Street, Santa Barbara, CA 93101

☐ 21041 Burbank Boulevard, Woodland Hills, CA 91367

You must comply with LBR 7016-1, which requires you to file a joint status report and to appear at a status conference. All parties must read and comply with the rule, even if you are representing yourself. You must cooperate with the other parties in the case and file a joint status report with the court and serve it on the appropriate parties at least 14 days before a status conference. A court-approved joint status report form is available on the court's website (LBR form F 7016-1.STATUS.REPORT) with an attachment for additional parties if necessary (LBR form F 7016-1.STATUS.REPORT.ATTACH). If the other parties do not cooperate in filing a joint status report, you still must file with the court a unilateral status report and the accompanying required declaration instead of a joint status report 7 days before the status conference. **The court may fine you or impose other sanctions if you do not file a status report. The court may also fine you or impose other sanctions if you fail to appear at a status conference.**

KATHLEEN J. CAMPBELL
CLERK OF COURT

Date of Issuance of Summons and Notice of Status Conference in Adversary Proceeding: _____

By: _____
Deputy Clerk

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

A true and correct copy of the foregoing document entitled: **SUMMONS AND NOTICE OF STATUS CONFERENCE IN ADVERSARY PROCEEDING [LBR 7004-1]** will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On *(date)* _____, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On *(date)* _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on *(date)* _____, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Date

Printed Name

Signature